

Realty Trust Review

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RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY ISSUE

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PORTFOLIO ADVISORY: REIT SECURITIES NOW SERVE A BROADER RANGE OF INVESTOR OBJECTIVES

This issue's RELATIVE APPEAL RANKINGS underscore the very broad range of investor interests now served by REIT securities, ranging from good quality equity portfolios for income investors all the way to warrants which are next to worthless and bonds that aren't far behind, traditional fields for high-risk speculation. To serve these very diverse interests of our subscribers, we've expanded the RELATIVE APPEAL RANKINGS into a full-scale issue including both suggested portfolios and answers to typical subscriber questions. This special issue will appear every other month with the next issue scheduled Nov. 12.

RELATIVE APPEAL RANKINGS have a dual purpose: to pass along our current views on the shares and bonds of all major REITs--131 in all--at one time, and to summarize current developments inside each trust. Letters from subscribers indicate this latter purpose is being overlooked, just at a time when The Wall Street Journal and other financial periodicals are giving less coverage to affairs of REITs than ever before. For instance, this issue contains several news items that haven't been reported generally, such as:

--Cabot, Cabot & Forbes Land Trust says that unless it gets agreement and paperwork completed on a new credit agreement, it may not make Sept. 15 and Sept. 30 interest payments on its 6-3/4% subordinated convertible debentures and 8½% senior subordinate notes respectively.

--Continental Mortgage Investors, now in Chapter XI bankruptcy, has proposed selling all but about \$30 million of its \$523 million assets to a new corporation formed by its creditors, who would in effect swap their loans and accrued interest for shares and debentures of the new corporation. A group of CMI creditors has been pushing to throw CMI into Chapter X, where a court appointed trustee would take over, saying CMI management can't handle the assets. CMI's plan would let the banks take nearly all the assets and run them however they chose. CMI would

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REAL ESTATE DISCLOSURE DIGEST's Sept. 3 issue cover's Rouse Co.'s history making move to current value accounting; review of Koger Properties' activities in major markets; and ten "convictions" about the future. Copies: \$8 prepaid
DISCLOSURE REPORTS ON PROBLEM PROPERTIES Sept. 3 issue includes reports on 103 properties valued at \$168 million; holders include Barnett Mtg., Central Mtg., Gulf Mtg., and San Francisco RE. Single copies: \$9 prepaid

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keep \$30 million to fight all lawsuits and possibly save something for shareholders.

--Institutional Investors has become internally administered, the sixth to switch this year and 34th among large trusts. Such changes generally end potential conflicts with external advisers.

Cabot, Cabot & Forbes' debenture interest problem is only one of three current troubles: both Barnett Mortgage and Colwell Mortgage missed Sept. 1 interest payments. Colwell can't pay until paperwork on an agreed-upon credit pact is signed; Barnett's problems may be deeper and some bond speculators say the trust may be forced into bankruptcy. We doubt it, because its bank sponsor will do anything to avoid a Chapter filing. However, banks and bank holding companies are limited in what they can do to aid their foundering trusts by Rule 23 of the Federal Reserve Act which effectively bars bank holding companies from siphoning profits of their bank subsidiaries to shore up operations of other failing subsidiaries. The rule is being interpreted by some lawyers as preventing a bank holding company from making a cash tender offer for bonds or shares of a foundering REIT. However, Old Stone Corp., a bank holding company, plans to offer its convertible preferred shares for shares of Old Stone Mortgage. The upshot is there are ways to cleanup messy situations within this rule; investors who think only in terms of cash buyouts for securities of strongly sponsored trusts may be disappointed, however.

Within that context we present four suggested portfolios that should answer most investor needs. In choosing we've tried to go with shares whose share prices haven't outrun their near-term potential. The bond buyout portfolio is speculative for reasons outlined above; so is the share buyout list. The four portfolio suggestions with recent prices, with RELATIVE APPEAL rankings in parentheses:

<u>Basic income</u>	<u>Speculative income</u>	<u>Buyout candidates</u>	<u>Bond cleanups</u>
BankAm.Rl.6.75s-71	BankAm.Rl.(4)--6½	C.I.Rlty.(*#5)-3½	BT Mtg.5.75s--48
Cont.Ill.Prop.(2)-14½	Lomas&Net.MI(4)-13¼	Flatley Rl.(*5)-2	ChaseTr.7½s---54
ConnGen Mtg.(1)---16½	Natwd.RE (4)---- 3¼	Franklin Rl.(*5)-3	ChaseTr.6½s---42½
Gen.Growth(1)-19-3/4	PNB Mtg. (3)--7¼	InvestorsRl.(*5)-3½	Cit.&So.6.75s--38
Hotel Inv.(3)-12½	United Rl.(3)-6½	Miller(Hen)(*5)-6	Cont.Ill.Rl.7.63s-72
Hotel 7.75s--70	WellsFar.MI(3)-7¼	Mtg.Tr.Am.(*5)-3½	Guard.Mtg.7½s-42
Penn.REIT(2)-11½		SanFran.RE(*5)-8	HNC Mtg.6.75s--42
Wash. REIT(1)-19¼		Saul(B.F.)(*5)-3½	Tri-SouthMI7s--35
		SummitProp.(*5)-2	Tri-SouthMI7.75s--44
		Sutro Mtg.(*5)-6	

SUBSCRIBER QUESTIONS: HOW TO GET BOND YIELD; WHAT ABOUT THREE BONDS?

Q. How would you be likely to distribute \$100,000 in REIT bonds yielding 12% to maturity or better today. Those bonds that are currently trading flat would also be considered if you feel there is an 85% chance that interest would be resumed.

A. We'd put half or more in the Security Mtg. 7½s of 1982, selling at 68. They are senior to all other trust debt and because there was no bank debt when they were issued, are effectively pari passu with bank debt. Moreover, there's a sinking fund beginning May 1, 1978 calculated to retire 70% of the issue. As noted Aug. 27, a pending settlement of a major lawsuit greatly improves liquidity behind these bonds. They yield 10.6% currently and about 15½% to final maturity. To these we'd add some North Amer. Mtg. 5½s of 1979, with 16½% yield to maturity, and some B.F. Saul 8½s of 1980 with 15.9% yield to maturity.

Q. Please give your opinion on the Colwell Mtg. 8.2s of 1980, the Guardian Mortgage 7½s of 1979 and State Mutual Inv. 9s of 1980. These look so good there must be a kicker somewhere. Is there any real danger these bonds would not be redeemed at par or the interest not paid?

A. Colwell missed the Sept. 1 interest because of paperwork snarls; hopefully this will be worked out but there's no guarantee; the trust missed a \$15 million principal payment due Aug. 25 and has to get this straightened out first. State Mutual's sponsoring life insurance company wants to tender for the bonds at about 60 but banks haven't been willing to go along so far. Guardian's portfolio has a relatively high percentage of land and condos in Florida and its fortunes are tied to a housing recovery in that state.

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of attractiveness of current share purchases. Dividend paying trusts are ranked from 1 to 4 based upon capital preservation and income outlook. Non-dividend paying trusts are ranked No. 5 with gradations shown below. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings for DIVIDEND PAYING trusts mean:

- 1--Highest appeal with lowest market risk, dividend outlook stable to up.
- 2--Above average appeal, somewhat higher market risk, some quarterly dividend variations.
- 3--Average appeal and market risk, larger dividend fluctuations or resumptons possible.
- 4--Below average appeal, high market risk, large dividend cuts or omissions possible.

NON-DIVIDEND paying trusts are ranked No. 5, are not recommended for income investors, but may have special appeal as speculations upon dividend resumption, trust recovery, or price changes based on money market rates. Gradations are:

- * Speculative potential: Book value believed reasonably sound; possible dividend resumptions; possible buyout offers.
 - # Serious problems: SEC trading halt; no auditor's opinion; debt defaults; Chapter XI; SEC probe; banks calling loans.
- Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.
- Financing shows: leverage ratio of all debt to shareholder equity; current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. All data, rankings and advice revised monthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-ALISON MTG (2/13/6-Inter. mtg.-Oct FY) VOTING NON-REIT PWR. Port.: \$230M, 79% nonearning; Mix: 33% condos, 16% apts., 15% land. Financing: \$30M Neg. equity; \$172M credit at 1% minimum inter., to 10/77 initially, with contingent interest; Plans tender for 8-3/4% sr. subor. debentures at 30. Results: July Q d\$1.69 v. d\$4.79. Bonds: Tender in most cases. Shares: Avoid
- 5-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$155M, 67% nonearning; Mix: 28% condos, 20% land, 14% office, 13% hotel, 12% apts.; 42% foreclosed. Financing: 5.5 leverage; \$98M credit at 5% minimum interest, ending 10/1/78, + contingent int. for 10 yrs.; Swapping \$8M loans. Results: June Q d71c after 35c loss prov., v. d67c after 42c prov. Bonds: OK for yield. Shares: Trading
- 5-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-REIT POWER. Port.: \$93M, 87% nonearning; Mix: 33% condos, 31% land & devel., 14% apts. Financing: 8.0 leverage; \$60M credit at 2% inter. with contingent interest; defaults waived; repaid \$3M. Results: July Q EPS d\$1.02 v. d87c. Shares: Trading & long-term recovery
- #5-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) Port.: \$42M, 38% nonearning; Mix: 32% mortgages, 68% equity mainly hotels/motels Washington, D.C. area. Financing: 3.8 leverage; \$17.3M demand notes secured by asset pledge; SEC probe and suit; no auditor's opinion. Results: Mar. Q EPS d50c v. d23c. Bonds & shares: Avoid
- 4-API TRUST (No review-Equity-Mar FY) Port.: \$54M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.2 leverage; 50% by mortgages on property, 50% by short-term loans. Results: June Q EPS 49c after 21c capital gain, v. d44c; Operating CFS 64c; June div. 10c unch. Shares: Lee Nat'l may offer preferred for shares
- 5-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-REIT POWER. Port.: \$164M, 77% nonearning; Mix: 47% condos, 28% land & devel., 15% apts. Financing: 6.0 leverage; \$104M credit at 1 1/2% cash inter. to 3/77 + 4-yr. contingent inter.; \$70M assets up for swaps. Results: Apr. Q d83c v. d54c after 14c gain on swaps. Bonds: Risky. Shares: Trading, play on Florida condo recovery
- 5-ATLANTA NATL (4/15/4-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$36M, 73% nonearning; Mix: 25% medical, 24% condo, 23% apts. Financing: 1.1 leverage; \$15.6M credit at 132% of prime, assets pledged; Missed Aug. interest; Must liquidate to repay debt by Jan.'78. Results: May Q EPS d50c after loss prov. v. d31c. Shares: Unattractive because of liquidation
- 4-BAIRD & WARNER (11/14/5-ST mtg.-July FY) Port.: \$46M, 34% nonearning; 35% industrial, 20% condos, 15% shop. ctrs. Financing: 1.5 leverage; Bank lines being cut \$15M to \$32M (\$17M borrowed). Dividends: Paid last 30c qtrly. from FY'75 income & no new payouts till FY'76 reported. Results: Apr. Q 7c EPS v. 5c. Converts: May have risk. Shares: Avoid for now
- 4-BANKAMERICA RLTY (1/16/6-Eq.&Mtg.-July FY) Port.: \$260M, 30% nonearning; Mix: 52% mtgs., 48% equity; 25% apts., 24% shop. ctrs., 29% office. Financing: 3.8 leverage; selling \$62M unrated commercial paper; cutting bank lines \$15 1/2M. Results: July FY 22c; July Q EPS 3c after 56c cap. gain & 59c loss prov. v. 10c; Dividend 5c unch. Converts: For yield. Shares: Buy for recovery
- 5-BARNES MTG (12/9/4-ST mtg.-Sep FY) Port.: \$103M, 59% nonearning; Mix: 45% condo, 24% land; 28% Puerto Rico, 34% Florida. Financing: 2.5 leverage; \$79M bank lines at 125% of prime, expiring 7/30/76; Negotiating new credit. Results: June Q EPS d60c after 28c loss prov. v. d18c. Shares: Trading or very long-term recovery
- #5-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$164M, 93% nonearning; Mix: 38% condos, 18% apts., 18% land. Financing: \$8.3M neg. equity; \$88.2M credit at 1% + contingent inter.; Swapped \$66M more assets (total \$182M) but debt reduction goals in default; Sept. 1 subor. debt inter. not paid. Results: June Q EPS \$1.82 after \$6.00 swap gain & \$3.55 loss prov. v. d\$2.13 after \$1.50 gain on swaps. Bonds: Avoid. Shares: Avoid
- 5-BARNETT-WINSTON (8/12/4-Inter. mtg.-Sep FY) NON-QUAL REIT. Port.: \$109M, 82% nonearning; Mix: 41% apts., 24% land & devel., 14% condos. Financing: 15.7 leverage; \$31M credit to 6/77; interest cut to prime + 8-yr. contingent; Will swap 8% subor. debts. for property. Results: June Q EPS d73c after \$1.07 swap gain & 54c loss prov. v. d\$4.91. Bonds: For swaps. Shares: Avoid
- 5-BENEF STD MTG (12/9/4-ST mtg.-July FY) CAN END REIT STATUS. Port.: \$80M, 71% nonearning; Mix: 29% land & devel., 21% condos, 12% apts. Financing: 12.9 leverage; \$46M revolver at 125% of prime, no compensating balances; no contingent interest. Results: Apr. Q EPS d\$1.18 after \$1 loss prov. v. d\$2.49 after \$2.21 loss prov. Converts: Speculative yield. Shares: Trading
- 5-BRT REALTY TR (12/10/3-Eq&Mtg-Nov FY) Port.: \$23M, 81% nonearning; Mix: 28% hotel/motel, 25% condos, 22% land & devel. Financing: 1.8 leverage; \$16.2M revolver at 125% of prime due 9/15/76. Results: May Q EPS d35c v. d21c. Shares: Long recovery
- 5-BT MTG INVESTORS (2/13/6-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$155M, 56% nonearning; Mix: 34% apts., 15% land, 10% nursing homes. Financing: High leverage; \$114M credit at 4% minimum, to 9/77, with contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: June Q EPS d51c after 48c loss prov. v. d46c. Bonds: Speculative yield. Shares: Trading
- #5-BUILDERS INV (6/10/4-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$391M, 92% nonearning; 44% condos & 1-family, 23% land & devel., 10% suspended projects. Financing: Negative equity; \$373M debt restructured at 1% inter. to 9/77, higher after, with asset pledge & contingent inter. Results: June Q EPS d9c after \$2.04 swap gain & \$1.69 loss prov. v. 52c. Shares: Avoid
- 5-CABOT C&F LAND (4/9/6-Subor. land-May FY) Now self-admin. Port.: \$254M, 65% nonearning; 32% undevel. land, 68% completed props.; 19% office, 27% apts. Financing: 6.7 leverage; Seeking 5% inter. on \$138.6M bank debt; May miss subor. interest payments: 9/15 on 6-3/4% converts, 9/30 on 8 1/2% sub. notes. Results: May Q d1.15 v. d95c. Bonds & shares: Avoid till credit set
- 5-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL REIT. Port.: \$147M, 63% nonearn, 12% low-earn; 35% apts., 27% land & devel., 18% condos. Financing: 5.0 leverage; \$106.1M credit (at 3% min. int.) expired 4/1/76 & extension and default waivers sought. Results: June Q EPS d75c v. d65c. Shares: Trading buy if credit signed

RELATIVE APPEAL RANKINGS - continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) VOTED NON-REIT PWR. Port.: \$142M, 68% nonearn; Mix: 30% land & devel., 28% condos; 55% Md. & Vir. Financing: High leverage; \$96M credit at 2% min. inter. retroactive to 2/1/76 signed, ending 3/77, with contingent inter. to 1983. Results: June Q EPS 43¢ after \$1.68 swap gain & 85¢ loss prov., v. breakeven. Shares: Trading only
- 5-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$35M, 60% nonearn, 20% low-earn; 29% land acq., 26% apts., 20% comcl. & indust. Financing: 2.1 leverage; \$28M credit with banks, at 117% of prime rate. Results: June Q EPS d36¢ after 28¢ loss prov. v. d\$1.52 after \$1.53 loss prov. Shares: Hold for long-term recovery
- 5-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: \$861M, 71% nonearn; Mix: 20% land & devel.; 18% condos, 14% office, 12% shop. ctrs. Financing: Negative equity; \$761M credit at 2% inter., with contingent inter. to 1983-87; Ends 12/31/76 but extended if prin. repayments made; Considering \$485M asset swap & sale. Results: May Q EPS d74¢ v. d\$1.15 after \$1.05 loss prov. Bonds: Cash tender for 7-7/8% sr. notes possible, swap on others. Shares: Trading
- #5-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$350M, 91% nonaccruing; Mix: 43% apts., 15% office, 12% condos; 33% foreclosed. Financing: 40.3 leverage; Signed \$284.5M five year credit at 2% cash interest (but accrued at 3½%), increasing to 6% at maturity 6/30/80; contingent inter. to 1985; all assets pledged; \$71M swap bids received. Results: Apr. Q EPS d14¢ v. d49¢; SEC probe continues. Shares: Trading only
- **#5-CI REALTY INV (8/8/5-Equity-Feb FY) NON-REIT POWER. Port.: \$173M, 15% nonearning; Mix: 87% ownership, 13% mtgs.: 48% apts., 29% office. Financing: 3.0 leverage; \$131½M debt is \$95M mtgs. on property, \$35M bank one-yr. credit at 130% of prime. Results: May. Q EPS d3¢ v. d15¢; May Q CFS 15¢ v. 2¢; SEC probe continues. Shares: Long term recovery; buyout
- 5-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$15M, 82% nonearning; Mix: 30½% office; 28% 1-family. Financing: \$4.5M notes at prime to 9/30/76 when back inter. due. Results: June Q EPS 5¢ v. 2¢ with no loss prov. Shares: Limited interest
- 5-CITIZENS & SO RLTY(3/12/6-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$520M, 66% nonearn; Mix: 22% condos, 23% land, 20% apts.; 44% Ga., 23% Fla. Financing: High leverage; \$359M credit at 1% cash inter. to 9/78, + contingent inter. to 1985. Results: June Q EPS d\$1.04 after 65¢ loss prov. v. d\$1.03; \$250M asset swap. Bonds: Buyout speculation. Shares: Avoid or trade
- 5-CITIZENS GROWTH (8/12/4-Equity-Jan FY) Port.: \$40M, 22% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.0 leverage; \$11M credit at 6% to 6/30/76, with contingent inter. & assets pledged. Results: Jan. Q EPS d\$3.80 after \$2.94 loss prov. v. d56¢. Shares: Avoid for now
- 5-CITIZENS MIT (2/13/6-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$85M, 80% nonearn; Mix: 26% land & devel., 23% condos, 20% apts. Financing: \$12M neg. equity; \$75M term loan extended to 10/5/76; 2% inter., plus contingent inter.; Swapping assets. Results: June Q EPS d87¢ after \$1.06 loss prov. v. d60¢. Bonds: Swapout speculation. Shares: Avoid for now
- 5-CLEVETRUST RLTY (8/12/4-LT mtg.-Sep FY) NON-QUAL REIT. Port.: \$124M, 64% nonearn; Mix: 33% apts., 21% comcl., 17% land, 17% office. Financing: 2.9 leverage; \$63.8M two-yr credit at prime but not over 7½%; contingent inter. for 4-6 yrs. Results: June Q EPS d14¢ v. d18¢. Shares: Hold for long-term recovery
- 5-COLWELL MTG(2/13/6-ST mtg.-Dec FY) VOTED NON-REIT. Port.: \$190M, 53% nonearn. & low-earn; 41% apts., 13% hotel/motel, 11% shop. ctrs. Financing: High leverage; \$135M credit at 2% cash inter. + cash flow + contingent inter.; pledging assets. Results: June 6 mon. d52¢ restated. Bonds: Avoid; deferred 9/1 inter. on 8.2s'80 & 6½s'91. Shares: Avoid
- 1-CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: \$373M, 8% nonearn, 3% low-earn; 34% regional shop. ctrs., 30% apts., 15% indust., 10% office. Financing: 2.4 leverage; \$316M debt is 41% comm. paper, 4% ST bank loans, 24% LT loans, 7% mtgs., 25% converts. Results: June Q EPS 32¢ v. 37¢; June CFS 39¢ v. 45¢; Div 40¢ unch.; Sponsor may buy shares. Shares: Buy long term
- 3-CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$95M, 0 nonearning; 70% apts. with 6,253 units, 15% shop. ctrs., 15% GNMA's. Financing: All mortgages secured by property; trust sold \$50M shares recently. Results: May Q CFS 47¢ v. 41¢; EPS 12¢; Div. Aug. mon. 16.84¢ unch. & about 78% taxfree capital return due low mtg. amortization. Shares: Speculative income, over book
- 2-CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: \$200M, 5% nonearning; Mix: 69% apts. with 5,800 units, 29% in 5 shop. ctrs. Financing: 1.0 leverage; \$39M bank lines and \$54M mortgages on property. Results: Apr. Q EPS 35¢ incl. 20¢ gain from currency rates, v. 20¢; Apr. CFS 34¢ before gain; Div 32¢ unch.; Settled Eng. prop. co. dispute for \$1.35/sh. gain. Shares: Buy long term
- 5-CONT ILL RLTY (2/13/6-ST mtg.-Mar FY) Port.: \$290M, 71% nonearn; Mix: 28% condos, 22% apartments, 18% land & devel. Financing: High leverage; \$222M at 4% minimum inter. plus contingent inter., maturing 6/1/77. Results: June Q EPS d7¢ v. d\$7.20. Bonds: Buyout/swapout speculation. Shares: Trading or very long-term recovery
- #5-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$613M, 91% problem; 28% condos, 25% recreation, 16% land. Financing: \$90M neg. equity; Filed Ch. XI 3/8/76 & proposes selling most assets to creditors; SEC and some creditors moving for Ch. X. Results: Mar. Q EPS d\$4.48 after \$3.82 loss prov. v. d74¢. Bonds & shares: Avoid
- 5-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$294M, 69% nonearn; Mix: 35% apts., 24% land/devel., 16% hotel/motel. Financing: 14.0 leverage; \$205M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/76; Swapping assets; Results: May Q EPS 53¢ after 67¢ loss prov. & \$1.13 gain v. d75¢. Bonds & shares: Trading
- 3-DENVER RELI(1/13/5-Equity-Dec FY) Port. \$46M, 0 nonearning; Mix, by revenues: 31% apts., 22% shop. ctrs., 22% motel, 21% off. & comm., 4% mtgs.; all Col. except one Texas apt. Financing: 3.8 leverage; \$28M property mortgages, \$5M debentures. Results: June Q EPS 12¢ v. 2¢; CFS 19¢; div. 15¢ unch. Shares: Hold for income
- #5-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-adm. Port: \$369M, 52% nonearning; Mix: 45% secondary homesites, 17% primary homesites, 18% raw land, 27% properties; 24% foreclosed. Financing: 3.8 leverage; \$230M loan agree. at 7½% plus contingent interest to 130% prime. Results: June Q EPS d\$1.09 after 14¢ swap gain v. d14¢ after 2¢ gain. Shares: Avoid
- #5-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port: \$44M, 95% nonearning; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other; 42% foreclosed and increasing. Financing: High leverage, \$20M bank notes called Mar. 19, still talking. Results: Feb. Q EPS d\$2.12 v. d97¢. Bonds & shares: Avoid
- 2-EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port: \$394M, 9% nonearning; Mix: 29% shop. ctrs., 20% tracts and land, 10% office, 10% apts., 8% condos, 6% hotels, 17% other. Financing: 2.0 leverage; \$260M debt is 60% comm. paper, 24% notes, 12% master notes, 3% conv. Results: July Q EPS 51¢ v. 52¢; Div. 50¢ unch. Shares & bonds: Buy long term
- 2-FEDERAL RLTY(4/9/6-Equity-Dec. FY) Port: \$23M, No nonearning; Revenues 67% apts., 33% shop. ctrs.; Cash flow 39% apts., 61% shop. ctrs.; Wash., D.C. area. Financing: 1.1 leverage; \$13.5M debt, all secured mtgs.; Sold 340T shares at 12½ June 16. Results: June Q EPS 26¢, down 26% from '75; Div. 31¢ unch. Wts: Hold Shares: Hold, near-term dilution poss.
- 5-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) VOTING NON-REIT PWR. Port: \$131M, 68% nonearning; Mix: 22% land (developed & raw), 31% condos, 14% apts., 13% hotels; 32% Penn., 22% Fla.; Financing: 3.7 leverage, \$99M debt renegotiation hinges on major swap. Results: May Q EPS d\$1.42 after 60¢ loss prov. v. d\$1.12 after 63¢ loss prov. Shares: Avoid

RELATIVE APPEAL RANKINGS - continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-FIDELITY MI (No review-ST mtg.-Oct. FY) NON-QUAL REIT; Chap. XI Jan. 1975. Port: \$217M, 93% nonearning; Mix: 36% commercial, 33% residential, 32% land; Foreclosed is 45%. Financing: Negative equity; \$133M ST bank debt, \$26M senior bank debt, \$18M subord. Results: Apr. Q EPS d\$1.30 v. 5c. Shares: Avoid
- 5-FIRST COMMERCE (12/9/4-ST mtg. Dec. FY) NON-REIT POWER. Port: \$40M, 79% nonearn; Mix: 42% land, 32% condos & singles; 60% Louisiana, 40% other South. Financing: 1.0 leverage; \$29M credit at 117% of prime plus $\frac{1}{2}$ % of unused. Results: June Q EPS d\$2.56 after \$2.28 loss prov. v. d33c; Sponsor bought \$14M loans; Shares: Avoid till progress shown
- 4-FIRST CONTNL (8/8/5-ST mtg. Feb FY) Port: \$46M, 13% nonearning; Mix: 42% constr. loans, 43% development, 14% land; 90% Texas. Financing: 1.4 leverage; \$32M credit @ $\frac{1}{2}$ % over prime, 10% + 10%; must pledge assets equal to debt if demanded. Results: May Q EPS 19c v. 10c; div 18c v. 16c; Making new commitments. Shares: Speculative income
- 5-FIRST DENVR MI (10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$127M, 83% nonearning; Mix: 22% land, 18% condos-recreation, 16% condos-urban, 11% motels. Financing: Negative equity; Seeks extension of \$103M credit retroactively, to 2% inter. + contingent inter. Results: June Q EPS d\$6.18 after \$4.81 loss prov. v. d\$1.25; Delisted. Shares: Avoid
- 5-FIRST FIDELITY (No review-Equity-Nov FY) Port: \$40M, 38% nonearning; Mix: 60% shop. ctrs., 25% office; Financing: 3.1 leverage; \$29M secured mtgs. Results: 6 mon. May EPS d20c; Div. 7c special. Shares: Avoid for now or buyout speculation
- 5-FIRST MEMPHIS (9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$74M, 48% nonearning; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 7.0 leverage, Credit \$49M at 125% of prime; Renegotiating, loan swap planned; Results: May Q EPS d36c v. d29c. Shares: Avoid till workout progresses
- #5-FIRST MTG IN (6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Port: \$603M, 79% nonearn; 45% foreclosed; Mix: 22% hotel/motel, 21% apts., 17% land, 15% condos; Financing: Neg. equity after pf'd. at par; Debt restructured to 2/77, \$386M credit at 1% up to Fed. Res. discount rate if earned; Results: Jan. FY d\$2.15 before \$1.12 gain. Bonds: For asset swaps. Shares: Avoid
- 5-FIRST PENN MT (10/14/4-ST mtg. Jul FY) CAN END REIT STATUS. Port: \$192M, 75% nonearning; Mix: 38% condos, 31% comcl. & indust., 17% singles, 14% apts.; 26% Fla. Financing: 4.1 leverage, \$130M credit at 4% min. cash + accrual to prime + conting. to 130% prime. Results: Apr. Q d82c after 34c loss prov. v. d97c. Converts: Speculative yield. Shares: Trading
- 2-FIRST UNION (4/9/6-Equity Oct FY) Port: \$159M, 4% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 3.8 leverage; \$128M debt: 63% secured mtg., 24% short, 13% conv. Results: Apr. Q EPS 21c v. 18c; CFS 32c v. 28c; July div. 24c unch. Shares & Bonds: Buy for income
- #5-FIRST VIRGINIA (8/12/4-Inter. mtg.-Jun FY) CAN END REIT, Self administered. Port: \$94M, 67% nonearning; Mix: (Problems) 38% condos, 21% land, 18% apts.; 37% Virginia, 30% Fla. Financing: 16.7 leverage; \$56M credit to 10/76 at 4% to 125% of prime. Results: Mar. Q d62c v. d\$2.72; SEC probe. Bonds & Shares: Avoid
- #5-FIRST WISCONSIN MT (No review-ST mtg.-Dec FY) Port: \$184M, 97% nonearning; Mix: 28% condos, 29% apts. 24% land; 43% southeast, 29% midwest; Financing: 11.7 leverage, \$144M bank debt @ 1% to 9/76, in renegotiation. Results: June Q EPS d\$1.31 after \$1.10 loss prov. v. d21c; No 1975 auditor's opinion. Shares: Avoid
- *5-FLATLEY RLTY (4/15/4-Eq&Mtg.-June FY) Port: \$28M, 50% nonearn; Mix: 46% apts., 37% shop. ctrs.; 85% Mass. Holdings; 86% equity, 14% loans. Financing: 3.8 leverage, \$22M debt is 67% secured mtgs. Results: Mar. Q EPS d\$1.10 after 90c loss prov., v. d83c; no div. Shares: Hold pending workout progress, recovery toward book value possible
- 2-FLORIDA GULF (5/14/6-Equity-Apr FY) Port: \$33M, two vacancies caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; all Florida. Financing: 1.1 leverage, \$18M debt secured mtgs. Results: July Q EPS 13c v. 19c in '75; CFS 32c; div. 32c unch., 57% tax-free; Renting vacant Grant stores. Shares: Buy for yield and moderate growth
- *5-FRANKLIN RLTY (7/15/4-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$47M, high vacancies; Mix: 67% equity, 33% mtgs. Equity: 11 offices midwest & Fla., 5 apts., 2 motels, 4 land tracts. Financing: 5.0 leverage; \$41M debt: 46% secured, 41% short, 13% conv. Results: Mar. Q d15c v. d17c; Swapping. Converts: Hold. Shares: Buyout
- 3-FRASER MTG (11/14/5-ST mtg.-May FY) Port: \$47M, 10% problems; Mix: 17% constr., 14% land loans, 19% completed projects, 36% long-term; 31% Ohio, 25% Fla. Financing: 2.1 leverage; \$36M debt short term; Results: May Q EPS d4c after 16c loss prov. v. 25c; May div. 25c unch. Shares: Hold for recovery
- 1-GENERAL GROW (5/14/6-Equity-Sep FY) Port: \$234M, 0 problems; Mix: 65% shop. ctrs. (major Midwestern malls), 24% apts., 7% motels. Financing: 4.8 leverage; \$192M debt: 68% secured mtgs. Results: June Q EPS 27c v. 28c; CFS 35c even; Sept. div. 35c up 2c, over 50% tax-free. Shares: Buy longer term growth, unique development ability
- 5-GOULD INVST (3/10/5-Equity-Sep FY) Port: \$39M, 14% nonearning; Holdings: 76% equity, 24% mtgs. Properties- NYC office (19% of port.), 6 apts., 9 shop. ctrs.-strips, 8 restaurants, 7 land leasebacks. Financing: 4.1 leverage; \$32M debt, 84% secured mtgs. Results: June Q CFS 40c + 5c gain v. d9c; EPS 33c after 10c loss prov. & 5c gain. No div. Shares: Avoid
- 3-GREIT RLTY (8/8/5-Equity-Oct FY) Port: \$40M, 1% nonearning; Mix: 58% shop. ctrs., 31% offices & urban stores, 8% apts., 3% mtgs. Financing: 2.6 leverage; \$27M debt: 97% secured mtgs. Results: July Q EPS 18c v. 11c; CFS 29c v. 22c; Div. 10c unch.; Est. under 80c EPS in Oct.FY. Shares: Speculative income
- #5-GRT AMER M&I (3/11/4-ST mtg- Jul FY) NON-QUAL REIT. Port: \$403M, 95% nonearning; Mix: 38% apts., 20% condos, 20% land, 12% hotels, 10% offices. Financing: \$50M neg. equity; \$273M credit @ 1% with contingent inter.; To offer preferred for subor. debt. Results: Apr. Q d\$1.97 after \$1.33 loss prov. & \$4.19 swap gain; No auditor opn. Shares: Avoid Bonds: Avoid
- 5-GUARDIAN MI (3/12/6-ST mtg.-Feb FY) NON-QUAL REIT. Port: \$458M, 78% nonearning; Mix: 33% land, 22% condos, 11% apts., 15% hotel/motel. Financing: Negative equity; \$394M credit w/contingent inter.; offering \$283M swaps; paid subor. inter. in June. Results: May Q EPS d79c v. d\$6.39 after \$5.66 loss prov. Bonds: Buyout candidate. Shares: Trading
- 5-GULF MTG&RLY (2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port: \$139M, 68% nonearning; Mix: 30% apts., 21% land, 15% motels, 10% offices; 74% Southeast. Financing: 7.2 leverage; \$89M credit to 11/76 at 4% plus conting. inter. to 125% prime. Results: May Q d47c v. d\$3.92 after \$3.57 loss prov. Shares: Avoid. Bonds: Hold for now
- 5-HAMILTON INV (11/12/3-ST mtg.-Dec FY) DENIED NON-REIT PWR. Port: \$116M, 44% nonearning; Mix: 50% apts., 14% condos, 12% offices, 10% shop. ctrs.; 24% Okla., 20% Fla. Financing: 6.6 leverage; \$86M credit @ $\frac{3}{2}$ % or net income w/contingent inter. to 130% prime, forgiven 8/86. Results: June Q EPS d10c v. d57c. Shares: Avoid for now
- 5-HANOVER SQ RL (4/15/4-ST mtg.-Aug FY) Port: \$45M, 48% nonearn, 15% low-earn; Mix: 60% residential, 20% shop. ctrs., 15% offices, 8% land; 31% Northeast, 27% Mid-Atlantic. Financing: 2.8 leverage, \$30M credit @ 124% prime. Results: May Q EPS d29c v. d30c. Converts: Speculative income buy. Shares: May be held for recovery

RELATIVE APPEAL RANKINGS - continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$187M, 59% nonearning; Mix: 33% shop. ctrs., 23% condos, 16% offices, 16% apts., 8% hotels; 33% Ill., 16% other Midwest, 16% Cal. Financing: 15.7 leverage; \$150M credit @ 4% w/conting. interest; \$27M swap. Results: June Q EPS 14¢ after 17¢ loss prov. & 25¢ swap gain v. d10¢. Converts: High risk hold. Shares: Avoid
- 5-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY) NON-REIT. Port.: \$120M, 67% nonearning; Mix: 24% condos, 16% land, 14% apts., 14% offices, 13% hotels, 9% entertainment ctr.; 39% foreclosed. Financing: 7.3 leverage, \$86M credit to 2/78 at 5% with contingent inter. Results: July Q EPS d28¢ after 4¢ loss prov. v. d\$1.03; Sponsor to sell 31% ownership. Converts: Buyout. Shares: Avoid
- 4-HOSPITAL MTG(9/12/5-LT mtg.-Feb FY) Port.: \$39M, 41% nonearning; Mix: 40% medical, 33% land, 21% residential; Heavy Fla. Financing: 0.5 leverage; \$14M debt, 90% secured mtgs. Results: May Q 19¢ v. d32¢; div 15¢. Shares: Neutral
- 3-HOTEL INVSTR(12/12/5-Eq&Mtg.-Aug FY) Port.: \$81M, 8% nonearning; 47% equity/53% LT mtgs.; Self admin. Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 1.9 leverage; \$52M debt: 25% secured mtg., 43% long-term, 32% conv. Results: May Q 35¢ v. 43¢; div. 35¢ unch. Shares & Bonds: Buy/hold speculat. income & mod. growth
- 3-HUBBARD REI(4/9/6-Equity-Oct FY) Port.: \$85M, 16% nonearning; caused by Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: July Q EPS 33¢ v. 31¢; July div. 30¢ unch.; 5 of 11 Grant stores re-leased, others pending. Shares: Fairly priced
- ↑*5-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: \$110M, 51% non- & low-earn; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 40% land purch.-leasebacks; 31% foreclosed. Financing: 1.0 leverage; \$55M debt: 50% secured mtgs., 50% bank notes in renegot. for tech. default. Results: May Q EPS d\$1.07 after \$1.36 loss prov. v. 23¢; Div omitted, none expected soon. Shares: Hold
- 5-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-REIT PWR. Port.: \$321M, 56% nonearning; Mix: 24% shop. ctrs., 28% land, 13% condos. Financing: Negative equity; \$118M credit @ 125% prime (\$50M) & 2% (\$68M); Must repay \$50M by 5/31/77; Subor. debenture holders waived redemption fund. Results: Apr. Q d\$1.47 v. d\$3.86. Shares: Avoid for now
- 5-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL REIT. Port.: \$158M, 81% nonearning; Mix: 28% condos; Biggest states: Fla., Texas, Virginia, Ill., Ca. Financing: 47.0 leverage; \$120M credit low interest w/conting. inter and 110% collateral; accepted \$21M swaps. Results: Mar. Q d19¢ v. d\$3.15 after \$2.68 LRP. Shares: Avoid
- ↑*5-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: \$84M, 31% non- & low-earn; Mix: (Mtgs.) 28% residential, 22% apts. & condos, 26% long term.; (Eq) 42% offices, 40% apts. Financing: 4.7 leverage; \$69M debt; Two-yr. credit delayed till total debt cut by LT mtg. sale. Results: Mar. Q d70¢ after 56¢ loss prov. v. d\$1.29. Shares: Hold for recovery, tender target
- 5-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Self-admin. Port.: \$178M, 67% nonearning; Mix: 27% apts., 27% condos, 13% singles; States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.2 leverage; \$53M credit @ 1% w/conting. inter.; \$11M swap. Results: Apr. Q d19¢ v. d\$1.90 after \$1.64 loss prov. Bonds: Trading & speculative income. Shares: Trading
- *5-INVESTOR RLTY(8/8/5-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$57M, 15% low earn. Mix: 60% apts., 15% shop. ctrs.; type: 88% owned incl. foreclosures & leasebacks, 12% mtgs. Financing: 2.4 leverage; \$40M debt, 67% secured, \$17M credit extended to 3/78 with restrictions. Results: May Q EPS d22¢ v. d12¢; CFS d7¢ v. 3¢. Shares: Buy long-term recovery
- 3-JMB REALTY (8/8/5-Eq&Mtg.-Aug. FY) Port.: \$26M, 1% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 18% land leasebacks; Financing: 1.6 leverage; \$6M open lines from banks; Results: May Q EPS 30¢ after 15¢ loss prov. v. 44¢; CFS 36¢ v. 50¢; Div. 40¢ unchanged. Shares: Hold for speculative yield
- 5-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) VOTED NON-REIT POWER. Port.: \$78M, 93% nonearning; Mix: 31% land, 19% condos; 55% Texas. Financing: 10.0 leverage; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged. Results: June Q EPS d\$1.38 v. d\$1.15. Bonds: High risk yield, no buyout seen. Shares: Avoid
- 5-KMC MTG INV (5/14/3-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$34M, 73% nonearning; biggest borrower bankrupt; Mix: 35% apts., 23% land & devel., 19% condo; 58% Kentucky. Financing: 4.4 leverage; Signed \$21.8M two-year term loan at 0.75% over prime; Seeking default waiver. Results: May 6 mo. d\$1.14. Shares: Limited speculative interest
- ↓#5-LMI INVESTORS (2/13/6-ST mtg.-June FY) Port.: \$158M, 86% nonearning; Mix: 25% apts., 16% office, 13% shop. ctrs., 12% condo. Financing: Negative equity; \$102M revolving credit extended to Oct. 1 pending renegotiation; Apr. interest on 6-3/4% subor. debts. paid 2 mon. late. Results: June Q EPS d\$4.07 v. d88¢; No auditor's opinion. Bonds: High risk yield. Shares: Avoid
- 5-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) Self-admin. Port.: \$40M, 61% nonearning; Mix: 74% apartments, 11% one-family & mobiles. Financing: 10.1 leverage; Tentative \$15.5M credit with banks, requiring asset sale over several years. Results: Mar. FY EPS d\$2.26; Mar. Q d\$1.13. Bonds & shares: Avoid till credit signed
- 4-LOMAS & NETTLETON MTG (11/14/5-ST mtg.-June FY) Port.: \$230M, 37% nonearning; Mix: 29% land acquisition & devel., 9% single-family; 44% Texas. Financing: 1.15 leverage; Borrows short & long-term from banks. Results: June Q EPS & div. 20¢ v. 9¢; June FY EPS \$1.16. Shares: Speculative, limited near-term potential
- 3-M&T MTG INV (12/12/5-ST mtg.-Aug FY) Port.: \$41M, 4% nonearning; Mix: 98% single-family construction & development, all Texas. Financing: 1.7 leverage; \$26M bank borrowings, partly secured; sponsor provides compensating balances; \$9.7M unfunded commitments.; Results: May Q EPS 26¢ v. 26¢; Div 26¢ unchanged. Shares: Buy for yield
- #5-MARYLAND RLTY (No review-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$21M, 50% non- & low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 1.7 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: May Q EPS d20¢ v. d31¢; No auditor's opinion; SEC probe. Shares: Recovery speculations
- 2-MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$204M, 14% non- & 3% low-earning; Mix: 36% shop. ctr. & retail, 27% apts.; 81% long-term mtgs. Financing: 1.3 leverage; \$46M borrowed under \$70M bank lines; \$71M subor. convert. debts. Results: July Q EPS 27¢ v. 28¢ after extra. gain offset 40¢ loss prov.; Div 27¢ down 1¢. Converts: Safe yield. Shares: Buy/hold
- 5-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT STATUS. Port.: \$122M, 64% non- & low-earning; Mix: 35% apts., 29% condo. Financing: 9.4 leverage; \$80M credit to 9/78 with 3% cash interest & accrual at 125% of prime; Will swap assets. Results: June Q EPS d\$2.09 after loss prov., v. d\$1.39, June FY d\$4.91. Bonds: Speculative yield. Shares: Trading interest
- *5-MILLER HENRY S (8/8/5-Eq&Mtg.-Feb FY) Port.: \$30M, 13% nonearning; Mix: 56% shop. centers owned, 23% land; Mostly Texas. Financing: 2.3 leverage incl. mtgs.; \$8.9M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$12.7M mtgs. on property. Results: May Q EPS 16¢ after 5¢ loss prov., v. d\$1.51. Shares: Buy for long-term recovery
- 5-MISSION INV (11/12/3-ST mtg.-Nov FY) INTENDS NON-REIT. Port.: \$37M, 82% nonearning; Mix: 31% land & devel., 25% condo & townhouse, 12% singles, 12% motels. Financing: 2.1 leverage; \$37M credit at prime (max 8%) to Nov. 30, '76; Assets pledged. Results: May Q EPS 18¢ v. d25¢ with no loss prov. Shares: Trading/ very long recovery

RELATIVE APPEAL RANKINGS - continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 2-MONY MTG INV (5/9/6-LT mtg.-May FY) Port.: \$234M, 10% non- & 2% low-earning; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 43% long-term mtgs.; Making new commitments. Financing: 1.7 leverage; \$115M bank lines at prime; \$65M comcl. paper; Results: May Q EPS 26¢ v. 20¢; Div. 23¢ v. 20¢. Convertibles: Safe yield. Shares: Buy for long-term
- 4-MORTGAGE GROWTH (9/9/4-LT mtg.-Nov. FY) Port.: \$39M, 16% nonearning, 48% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.4 leverage, all with \$11.9M 7-3/4% subor. converts held privately; Results: May Q EPS 10¢ after 4¢ gain on convert. note repurchase, v. 5¢; div. 12¢ unch. Shares: Buy/hold for long-term recovery
- #5-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$113M, 39% nonearning; Mix: 18% hotel/motel, 13% land & devel., 12% condo & townhouse; Financing: 5.4 leverage; \$54M at 112½% of ½ over prime, agreed to 3/30/77; No comp. balances. Results: March FY d43¢; Mar. Q EPS d13¢ v. d7¢; No auditor's opinion. Bonds & shares: Avoid
- *5-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$141M, 58% nonearning; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.7 leverage; \$91½M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks. Results: May Q EPS d52¢ after 39¢ loss prov., v. d42¢. Shares: Buy/hold for recovery
- #5-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT STATUS. Port.: \$62M, 77% nonearning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: 15.4 leverage; \$37M secured credit; default on debenture interest; debenture holders clear settlement plan & voluntary Chap. XI filed. Results: May Q EPS d20¢ with no loss prov. v. d55¢. Shares: Avoid
- 4-NATIONWIDE RE (12/9/4-ST mtg.-Mar FY) Port.: \$42M, 34% non- & low-earning; Mix: 20% medical, 19% condos, 12% one-family; 38% Ohio, 19% Indiana; Financing: Leverage 0.8; Reduced bank lines to \$39M; Results: June Q EPS 3¢ after 2¢ loss prov., v. 3¢; Div 3¢, same; New commit. rising. Convertibles: High yield. Shares: Speculative long-term recovery
- 2-NEW PLAN REALTY (6/11/6-Equity-July FY) Port.: \$19M, 8% non- & low-earning; Mix: 60% shop. ctrs. owned, 24% industrial. Financing: 6.5 leverage; Debt all mtgs. on property. Results: Apr. 9 mo. EPS 76¢ v. d20¢; monthly div 7½¢, unch.; Shares split 2-for-1 May 17; Est. \$1.07 CFS FY'76. Shares: Buy/hold for long term
- #5-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Port.: \$116M, 76% nonearning; Mix: 43½% motor lodges/restaurants, 27½% condos, 13% apts. Financing: Negative equity; Renegotiating \$54M credit; Tendering for all debentures at 22. Results: May Q EPS d\$1.27. Bonds & shares: Avoid
- 4-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port.: \$165M, 34% non- & 21% low-earning; Mix: 30% high-rise apts., 13% land & devel. Financing: 2.0 leverage; \$114½M open bank lines; Commercial paper sales ended. Results: June Q EPS d8¢ v. 5¢; Div. 5¢ to recordholders 10/29 last from '75 taxable income; Further divs in doubt. Bonds: Safe yield. Shares: Recovery potential
- ↑*5-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-REIT POWER. Port.: \$50M, 46% nonearning; Mix: 18% apts., 17% office, 14% one-family, 13% hotel/motel. Financing: 1.0 leverage; \$31M revolving credit at ½ over prime, expired Aug. 31, '76 Results: June Q EPS d39¢ after 35¢ loss prov. v. d15¢. Shares: Recovery speculation
- 3-NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$258M, 12% non- & 4% low-earning; Mix: 24% office, 23% shop. ctrs., 14% apts.; 56% permanent mtgs. Financing: 1.9 leverage; \$121½M open bank lines; \$38M commercial paper. Results: June Q EPS 27¢ after 4¢ loss prov. v. 8¢ after 26¢ loss prov. & 27¢ acctg. adj.; Div 25¢ unch. Converts: Safe. Shares: Buy LT
- *5-OLD STONE MTG (6/11/3-LT mtg.-Dec FY) Port.: \$32M, 10% nonearning; Mix: 16% shopping center, 16% office & industrial. Financing: 3.4 leverage; \$6M open bank lines at prime, plus \$7½M term loan. Results: June Q EPS d65¢ after 42¢ loss prov. & 14¢ loss on sale, v. d9¢. Tender: Sponsor Old Stone Corp. to offer \$7, 10% convt. pfd. for shares. Shares: Buy/hold
- 5-PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Port.: \$10M, 33% nonearning; Mix: 61% commercial, 18% condo/townhouse; Plans equity investments. Financing: No borrowings. Results: Mar. Q EPS d52¢ after 68¢ loss prov. v. d39¢; Mar. FY d83¢. Dividend: Paid 15¢ special. Shares: Long-term recovery speculation
- 2-PENNSYLVANIA REIT (5/14/6-Equity-Aug FY) Port.: \$71M, 1% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7½M bank lines. Results: May Q EPS 32¢ v. 24¢; May Q CFS 42¢ v. 32¢; Div 57½¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 5-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) CAN END REIT STATUS. Port.: \$35M, 77% nonearning; Mix: 35% apts., 19% unimproved land, 16% shop. ctr.; 37% land leasebacks. Financing: 5.0 leverage, incl. \$15M mtgs.; Negotiating \$9M credit, Interest past due 3/1. Results: Mar. Q EPS d27¢ v. d\$3.70 after \$2.94 loss prov. Shares: Avoid or trade only
- 3-PNB MTG & RLTY (9/12/5-LT mtg.-Sep FY) Port.: \$121M, 22% nonearning; Mix: 33% LT mtgs., 29% property owned; 37% apts., 26% condos. Financing: 1.8 leverage; \$66M bank lines; \$26M commercial paper. Results: June Q EPS 13¢ after 6¢ loss prov. v. 12¢; Div. 10¢ unchanged. Shares: Long-term recovery, possible dividend uptick
- 3-PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$70M, 5% nonearning; Mix: 40% apts., 23% office, 23% shop. ctrs.; 58% leasebacks, 42% LT mtgs. Financing: 1.7 leverage; Borrows under \$38M bank lines at prime. Results: July Q EPS & div. 30¢, unchanged; July FY EPS \$1.19. Shares: Buy/hold for yield & LT recovery; EPS vulnerable to prime rate rise
- 3-RLTY & MTG OF PACIFIC (RAMFAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$87M, 10% nonearning; Mix: 30% hotel/motel, 15% office, 12% apts.; 45% Calif., 21% Hawaii. Financing: 1.5 leverage; \$21M commercial paper backed by \$24M open lines; \$16½M under \$25M term credit to Nov.'77. Results: May Q EPS 30¢ v. 34¢; Div. 30¢. Converts & shares: Buy/hold
- 2-REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$43M, below 1% nonearning; Mix: 41% shop. ctrs., 27% office, 14% industrial; 45% Calif., 14% Mass.; Expanding key Sacramento center. Financing: 0.3 leverage, all mtg. debt except \$2½M for additions. Results: May Q EPS 36¢ v. 29¢; Est. lower FY'76 EPS; Div. 35¢ unch. Shares: Buy/hold LT
- 3-REALTY INCOME (9/12/5-Eq&Mtg.-Apr FY) Port.: \$85M, 41% non- & low-earning; Mix: 26% apts., 31% office. Financing: 3.6 leverage; \$17M under \$23½M bank lines at prime; \$20M term loan at 1½ over prime expiring 1977-80. Results: Apr. FY EPS d15¢; July div. 30¢ v. 15¢; paying tax income in coming qtrs.; selling bank prop. Converts: Yield. Shares: Buy/hold LT
- 3-REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$50M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21½% office, 19% industrial. Financing: 1.6 leverage; \$17.2M credit at ½ over prime, ending Dec.'79, & \$15M at 1½ over prime ending Aug.'79. Results: July Q EPS & div. up 2% to 53¢. Shares: Hold; EPS sensitive to prime
- 5-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) VOTING NON-REIT POWER. Port.: \$75M, 82% nonearning; Mix: 27% land acq. & devel., 26% condo, 11½% townhouse. Financing: 3.4 leverage; \$36.7M credit to Dec.'76 at 2% cash plus contingent inter.; Redeemed \$4.6M debentures in April. Results: June Q EPS d86¢ after 66¢ swap gain v. d60¢ after 66¢ swap gain. Shares: Avoid
- 2-RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$22M, 2% nonearning; Mix: 37% apts., 23% office, 16% motel; 44% D.C. area, 42% Indiana. Financing: 2.4 leverage, mainly mtgs. on property; \$3.5M open line at 1½ over prime. Results: June Q EPS 18¢ v. 11¢; CFS 28¢ v. 18¢; Div. 25¢ unchanged. Shares: Buy/hold more speculative yield

RELATIVE APPEAL RANKINGS - continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- *5-SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Port.: \$67M, 26% nonearning; Mix: 50% office, most bank-occupied; 21% apts. Financing: 1.5 leverage, 60% by mtgs. on prop. Results: June Q EPS d1c v. d1c; CFS 11c unch.; Tender: Bass Bros. Enter. failed to get 300,000 sh. @ \$7 in June tender. Shares: Buy/hold; other tenders possible
- *5-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$312M, 16% non- & 38% low-earning; Mix: 29% deliberately acquired prop., 37% foreclosures held for invest., 28% mtgs.; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 5.6 leverage; \$178M revolver at 1-1/8% over prime + 10% comp. balances thru 3/77; Results: June Q EPS d62c after 15c loss provision v. d45c; Bonds & converts: For yield. Shares: Long-term recovery or buyout
- ↑ *5-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$170M, 45% non- & low earning; Mix: 40% one-family home improvement second mtgs., 43% commercial mtgs., 18% mtgs. on medical facilities; Settlement with servicer of \$28M bankrupt, \$4M loss seen. Financing: 3.1 leverage; \$70M unsecured credit at 120% of prime to Feb. 28, '77; Results: June Q EPS d19c v. d47c. Bonds: Attractive for yield, 7½s high-grade speculation. Shares: Trading
- 5-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port.: \$126M, 65% nonearning; Mix: 14% condos, 33% apts.; Financing: High leverage; \$71M credit expired July 31 & renegotiating for low inter.; Results: June Q d59c after 11c loss provision v. d\$1.08. Tender: Banks opposing sponsor proposed tender for notes, converts, shares. Bonds: Buyout. Shares: Risky
- *5-SUMMIT PROP (6/25/6-Equity-Oct FY) Port.: \$51M, 7% nonearning; Mix: 46% shopping centers; has rented one of four closed Grant stores; Financing: 3.4 leverage; \$5M secured bank debt extended to 5/79, reduced interest. Results: Apr. Q EPS d1c after 16c cap. gain v. d6c; CFS d1c before capital gain, v. 7c. Shares: Buy for long-term recovery
- *5-SUTRO MTG INV (8/8/5-ST mtg.-Mar FY) Port.: \$80M, 40% non- & low-earning; Mix: 29% apts., 27% hotel/motel, 16% office; Financing: 1.2 leverage; \$43M credit lines incl. \$5.4M backup lines for commercial paper; Results: June Q EPS 8c after 5c loss prov. v. d10c; Sees FY'77 profit. Converts: Safe yield. Shares: Buy long-term recovery
- #5-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$43M, 100% non- & low-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: Negative equity; Negot. credit at 1% + contng. inter.; swapped many assets; Results: Mar. FY d\$8.76 before \$4.07 cap. gain on swaps; ASE trading halt; No auditor's opinion. Shares: Avoid till credit pact signed
- 5-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Port.: \$43M, 70% nonearning; Mix: 31% land, 13% office, 12% warehouse; Financing: 3.5 leverage; \$27M credit at prime ending Sept. 30, '76; All assets pledged; May swap assets; Results: Mar. Q EPS d\$1.68 after \$1.71 loss prov., v. d90c. Shares: Speculation on Texas land recovery
- #5-TIERCO (was GULF SOUTH) (No review-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$63M, 84% nonearning; Mix: 41% apts., 18% undevel. land; heavy Okla.; Financing: 10.2 leverage; \$37M credit at 5% minimum inter. plus deferrals, to Dec. '76 unless extended; initiating swaps. Results: June Q EPS d28c after 16c loss prov. v. d9c. Shares: Highly speculative
- 5-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$229M, 76% nonearning; Mix: 36% land & devel., 9% apts., 9% condos; 33% foreclosed; 25% Ga., 21% Tex., 18% Fla.; Financing: High leverage; \$154M credit at 4% cash inter., + contng. inter.; Plans \$150M swap to banks & subor. deb. holders; Results: June Q EPS d43c v. d50c. Bonds & converts: Buyouts. Shares: Avoid
- #5-UMET TRUST (11/12/3-ST mtg.-Nov FY) Port.: \$133M, 58% nonearning; Mix: 23% condos, 21% apts., 18% shop. ctrs., 15% office; Financing: 5.9 leverage; \$89.6M credit extension sought; one bank suing to recover \$2.8M, preventing curing of multiple defaults; Results: May Q EPS d\$2.36 v. d57c with no loss prov. Shares: Avoid till credit set
- 3-UNITED REALTY (9/12/5-LT mtg.-Nov FY) Port.: \$88M, 39% non- & low-earning; Mix: 23% GNMA's (pledged), 24% office, 17% apts.; Financing: 0.3 leverage; Pledged GNMA's to repay banks \$15M; Results: May Q EPS 16c after 6c loss prov., v. 13c; Div. 15c v. 13c. Shares: Buy for benefits from gradual problem loan solution
- 5-US BANCORP TRUST (7/15/4-Eq&Mtg.-May FY) Port.: \$73M, 34% nonearning; Mix: 40% property owned or under construction, half industrial, half office; Financing: Leverage 3.7; \$36M credit to 12/77, same interest; Results: May Q EPS d\$1.28 after \$1.03 loss prov., v. d47c; accruing on \$6M problem loans. Converts: Low but safe yield. Shares: Long term recovery
- 5-US REALTY INV (2/10/5-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port.: \$127M, 34% nonearning; Mix: 51% mtgs., 44% owned property, 5% joint ventures; Financing: 6.4 leverage; seeks low rate and swaps on bank debt; Results: June Q EPS d48c v. d30c; Mar. Q CFS d19c v. d88c. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- 5-VIRGINIA RE (8/12/4-Eq&Mtg.-Dec FY) Port.: \$43M, 16% nonearning; Mix: 74% property, 26% mtgs.; Financing: 2.4 leverage most from mtgs. on property; \$10M bank term loan at 3% over prime with \$8M due Dec. 31, '76; Results: June Q EPS 9c v. 6c; Intends paying 90% of 1976 taxable income; no quarterly rate. Shares: Long term recovery
- 5-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port.: \$137M, 66% nonearning; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.8 leverage; \$85M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: May Q d\$1.04 after 87c loss prov., v. d59c. Shares: Very long term recovery
- 5-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL REIT. Port.: \$53M, 42% nonearning; Mix: 24% industrial, 16% one-family; 57% mtgs., 24% property; Financing: 2.3 leverage; \$18½M in open bank lines at prime plus ½%; Results: Apr. Q EPS d28c after 15c loss prov., v. d73c after 60c loss prov. Shares: Long recovery
- 1-WASHINGTON REIT (5/14/6-Equity-Dec FY) Port.: \$28M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office. Financing: 0.9 leverage, mostly mtg. debt. Results: June Q EPS 43c v. 40c; CFS 48c v. 45c; Sep. div up 13c to 44c from 39c. Shares: Buy for long term growth
- 3-WELLS FARGO MTG (12/12/5-ST mtg.-June FY) Port.: \$178M, 14% non- & 25% low-earning; Mix: 43% apts., 14% development, 10% condo & townhouse. Financing: 1.9 leverage; Borrowers under \$17½M open lines backing \$93M commercial paper; New commit. Results: June Q EPS 14c after 14c loss prov., v. 13c; June div 10c v. 8c. Shares: Buy/hold for recovery
- 5-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$21M, 26% nonearning, 26% partial earning; Mix: 26% land acq. & devel., 25% apts., 16% one-family, 14% office. Financing: 2.0 leverage; \$11½M revolver at ½% over prime maturing July 31, plus \$2½M from banks payable over 2½ yrs. Results: May Q EPS d7c v. d32c. Shares: Trading
- ↓ 5-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-REIT POWER. Port.: \$40M, 13% nonearning; Mix: 83% property, 10% foreclosures, 7% mtgs. Financing: 3.9 leverage, most mtg. debt; Has \$7.6M comm. paper out. Results: Mar. Q EPS d8c after 5c gain on sales, v. d15c in '75; No div. Shares: Speculation on turnaround by new management

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.